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INTERGOVERNMENTAL PREPARATORY COMMITTEE
FOR THE THIRD UNITED NATIONS CONFERENCE
ON THE LEAST DEVELOPED COUNTRIES
Second session
New York, 5 – 9 February 2001

DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON ITS SECOND SESSION

New York, 5 – 9 February 2001

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

Note for delegates

Delegations wishing to make corrections to the summaries of their statements are requested to do so by **Wednesday, 14 February 2001**. Corrections should be sent by phone, fax or eMail to: UNCTAD, Editorial Unit, Palais des Nations, Geneva, phone +(41 22) 907.5656/1066, fax +(41 22) 907.0056, eMail: chris.macfarquhar@unctad.org.

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INTRODUCTION

1. The Intergovernmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries held its second session at United Nations Headquarters, New York, from 5 to 9 February 2001.

Opening Statements

2. The **Chairman** said that, as decided at the first session of the Preparatory Committee and as provided in General Assembly resolution 55/214, the main task the Committee was to undertake the first reading of the draft Programme of Action (A/CONF.191/IPC/L.4). A draft annotated outline of the Programme of Action had been submitted to the Trade and Development Board, and the draft PoA had been prepared on the basis of the outline.

3. The outcomes of major global conferences and summits, policy developments within relevant multilateral forums, and inputs from country-level preparatory activities had been duly taken into account. A substantive contribution had been made by UN system agencies.

4. The main challenge was to identify national and international measures that would be essential in attaining the target of reducing the number of people living in extreme poverty by one-half by the year 2015. The LDCs constituted the ultimate test case for this target. The question was how to move from rhetoric to action. It was not enough to identify actions; it would be essential for all stakeholders to make commitments to undertake these actions throughout the decade.

5. The draft Programme of Action proposed national policies and external support measure around seven commitments. LDCs would continue to have the primary responsibility for the formulation and effective implementation of the necessary domestic policies and actions. At the same time, the development partners would assist creating an enabling external environment. Underwriting the partnership would be the principles of human dignity and solidarity, shared responsibility, freedom, democracy, equality, common concern for world peace and security, and the well-being of successive generations of humankind.

6. The draft PoA embraced an integrated and long-term approach to the development of LDCs. The ultimate test of its effectiveness would be success in improving the living conditions of the poor, including women. Giving a greater role to market forces and private initiative would greatly facilitate a sustained process of socio-economic growth and poverty eradication. It was only concrete results that could sustain public confidence in the development partnership. To facilitate an objective assessment of results achieved, the draft included a number of quantitative goals and other indicators. An important part of the draft PoA related to mechanisms at all levels for follow-up, review and monitoring.

7. The international community must show that it was resolved to work together with the LDCs to end their poverty, deprivation and hunger. Both LDCs and their partners would need to display courage, goodwill and solidarity to move beyond the status quo and genuinely add value to the collective undertaking on behalf of LDCs.

8. The **Secretary of State for Development Cooperation of Belgium** said that his country would be particularly happy to welcome LDC III to its capital. In the end, the Conference would be judged by its contribution to the LDCs' progress towards attaining international development targets, such as reducing extreme poverty by half, reversing the deterioration of the environment, guaranteeing education for all, as well as gender equality in education, reducing infant and maternal mortality, ensuring health for all and reducing undernourishment. Attainment of these goals would depend on the political will of both poor countries and their development partners. However, only a small group of rich countries had attained the goal of providing 0.7 per cent of their GNP in favour of developing countries. Belgium was not yet part of that group, but it would be increasing its development cooperation budget by 50 per cent during the next three years, continuing its policy in favour of eliminating the debt of the poorest countries, untying its aid and supporting the initiative in favour of the unilateral opening of industrial country markets, bearing in mind that these measures should necessarily be accompanied by measures to combat poverty.

9. The **Deputy Secretary-General of UNCTAD**, referring to the state of preparation for pre-Conference events, said that some events had already taken place, namely (i) a meeting on the Integrated Framework for Trade-Related Technical Assistance, including Human and Institutional Capacity Building, to support LDCs in Trade and Trade-related Activities, organized together with WTO; and (ii) the first part of a meeting on investment organized in Oslo with the support of the Government of Norway. The second part of that meeting would take place in Bonn in March with funding from the Federal Republic of Germany. A number of other pre-Conference events were under preparation, and the majority of them would take place before the end of March 2001. These included: a meeting on energy, supported by Austria, a meeting on trade, supported by the United Kingdom, a meeting on commodities, supported by the Commodity Fund, a meeting on health, supported by Canada, a meeting on education, supported by the United States of America, a meeting on gender, supported by Denmark, Finland, Japan, South Africa and Sweden, and a meeting on tourism, support by Spain. He hoped that the recommendations of these meetings would further contribute to consideration of the draft Programme of Action and help facilitate the adoption of deliverables at the Conference.

10. The global framework provided by the Programme of Action should help the LDCs in the finalization and follow-up of national programmes of action in an innovative and well coordinated manner with the full involvement of all stakeholders. It would also enable development partners to promote effective individual efforts and synergies in the collective

undertaking to enhance human development, advance structural transformation and eradicate poverty in the LDCs.

11. The **Administrator of UNDP**, speaking in his capacity as **Convenor of the United Nations Development Group,** said that the Group had assisted in the preparations for LDC III at the country level through three main activities: working closely with the Conference secretariat on the substantive preparations for the Conference; mobilizing the United Nations country teams to assist the LDCs in preparing their national programmes of action; and helping the LDCs to build effective follow-up and monitoring mechanisms for the implementation of their national programmes of action. He emphasized that the growing and increasingly successful collaborative efforts at the country level among UN entities, Bretton Woods institutions, and their national and international partners had set the stage for the UN system to make a genuinely concerted contribution to the implementation of the global Programme of Action at the country level within the framework of national programmes of action.

12. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Group of 77 and China**, reiterated the solidarity of the Group with the least developed countries. He commended the action-oriented draft Programme of Action, which responded to the totality of views expressed since the launching of the process. The text was balanced with regard to the responsibilities of the LDCs and their development partners, as well as between the social and economic objectives of development, and it set out a practical and effective framework for follow-up and implementation. He was pleased that the Millennium Summit, in its final declaration, concurred with the objectives set out in the draft Programme of Action, especially with regard to external support measures in the areas of ODA, trade, investment, and debt. The negotiations just commenced provided another opportunity to try to do things differently, to act concretely to support the weakest members of the international community, and to ensure that they could integrate meaningfully and beneficially into the global economy.

13. The representative of **Sweden**, speaking on behalf of the **European Union**, as well as on behalf of the Central and Eastern European countries associated with the European Union (**Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia**) and the associated countries (**Cyprus, Malta and Turkey**), as well as the EFTA country **Iceland**, said the LDCs were very significant partners for the EU, as evidenced by the fact that the EU was hosting the Conference. The Millennium Declaration underpinned the collective responsibility for upholding dignity, equality and equity at the global level and for managing globalization in the interest of the poor to allow faster attainment of international development targets, and it highlighted the special needs of the LDCs. The LDCs and the international community faced a complex challenge, involving both social and economic dimensions. Some LDCs had made progress in recent years, but the overall situation was one of increasing poverty and marginalization. For many LDCs, social stability and peace-building

must be taken fully into account in addressing their needs. HIV/AIDS was also taking a devastating toll in several LDCs. Concomitant with this was a serious gender imbalance – one woman out of three was illiterate. The amount of ODA going to the LDCs had also declined and now amounted to an average of about 0.05 per cent of donor GDP for DAC members. LDC III should be viewed not only as an event but as part of a process for development through good governance, respect for human rights, managing the environment, gender equality, sound and broad-based macroeconomic policies on the one hand and what the international community could do in support of the LDCs on the other, *inter alia* in terms of ODA, trade policies and debt relief to help eradicate poverty. It was essential for the Programme of Action to apply a broad, holistic approach and define synergies and coherent, consistent strategies and policies taking into account national programmes of action and other international agendas. The Programme of Action needed to tie into related processes such as UNDAF and the country assessment strategies of the UN, the Comprehensive Development Framework, the Poverty Reduction Strategy Papers, the HIPC initiative, programmes to combat HIV/AIDS, tuberculosis and malaria, the work of the World Trade Organization and the ongoing Financing for Development process. Effective national, regional and international follow-up mechanisms and criteria would be necessary.

14. The **Coordinator of the LDCs** (Bangladesh) recalled that, at the first session of the Preparatory Committee, the least developed countries had set out the priority areas of action for LDCs, and he was happy that these priorities had found reflection in the Programme of Action. The draft was structured innovatively and offered a good basis for negotiations. It deserved serious and exhaustive consideration. The LDCs would appreciate strong emphasis being placed on ODA, debt relief, FDI inflows and market access, while underlining the importance of the social dimension, which had emerged in the last decade as an issue of overriding importance. More emphasis on capacity-building, as well as on effective follow-up mechanisms for the Programme of Action, was desirable to address the shortcomings that had hampered the implementation of the two previous Programmes of Action.

15. The Preparatory Committee should attempt to make fast progress in view of the short time available before the Conference, without however, neglecting any important issues. The participation of LDC representatives at the final session of the Preparatory Committee and at the Brussels Conference also needed to be reviewed.

16. The representative of **Mali**, speaking on behalf of the **African Group**, stressed that Africa, with its 33 LDCs, was particularly concerned by and interested in the elaboration and adoption of a new Programme of Action for the LDCs. This concern had been reiterated many times, in particular at the thirty-sixth session of the OAU on 12 July 2000 in Lome and at the eighth session of the Conference of Ministers of Finance of ECA on 22 November 2000 in Addis Ababa. He noted that Africa wanted the new Programme of Action to have clear objectives and priorities. The objectives should be quantifiable and result-oriented, and performance indicators

should also be established. The Group insisted that the ideas set out in the "Global Compact with Africa", already accepted by many of Africa's development partners, should be reflected in the new Programme of Action for the LDCs. Finally, he underlined that the preparatory process for LDC III, including the elaboration of the Programme of Action, should be a collaborative process involving all participants.

17. The representative of **Japan** said that his country would give its full support to preparations for LDC III, including the formulation of the Programme of Action. It was hoped that the Programme of Action, which would be one of the most important guidelines for the international community's actions in favour of the LDCs, would be realistic and effective so as to provide a useful basis for cooperation between the LDCs and their development partners. Development assistance was a central element of Japan's policy in respect of LDCs, and Japan assisted the African LDCs through the TICAD process. As far as the implementation of the Programme of Action was concerned, ownership by the LDCs themselves would be imperative. Finally, concerning the preparations for the Conference, his country would be increasing its financial support for the workshop on gender mainstreaming, to be hosted by South Africa in March.

18. The representative of the **United States of America** said that, in an era of generally strong economic growth around the world, it was a dismaying paradox to see countries sliding backwards in terms of economic and social indicators. The international community had a common goal in addressing the question of how more than 600 million of the world's citizens could improve their lives. In this connection, themes requiring examination included the prevention and resolution of armed conflicts in LDCs, the problem of HIV/AIDS, the security of LDCs' citizens, guaranteeing their political rights, and the problem of accountable, transparent and participatory governance. The United States would continue to be a source of capital, know-how and best practices through trade, direct investment, charitable private contributions, or ODA. His country welcomed the opportunity presented by LDC III to review the challenges facing LDCs in improving their living standards and attaining UN social development goals. It believed that the Programme of Action must recognize such preconditions for sustainable development as a peaceful, healthy, transparent and participatory society, without which development strategies and development assistance alike were wasted. The Programme of Action should focus on areas of international consensus, including agreed international goals, and it should emphasize the creation of a constructive national environment for investment and trade and the more effective national use of development assistance, rather than simply calling for increased assistance. It was hoped that the Programme of Action would be such as to help the LDCs realize a better future for their people.

19. The representative of **Turkey** said that the least developed countries represented the hard core of the problem of marginalization in the world economy. A new approach to international

development cooperation was important, and the Programme of Action could provide good guidance in that respect. International economic institutions and organizations, multinational companies and NGOs could play an important role in obtaining the goals of LDC III, and that should be reflected in the Programme of Action.

20. The world was changing more rapidly than ever before, and the peoples of the world must benefit equitably. With increased openness of both trade and financial flows, the global environment would be more competitive, and it was of primary importance to strengthen domestic financial markets and to address macroeconomic imbalances.

21. One of the greatest challenge was to eradicate poverty through sustained development. That challenge by its very nature must be addressed by the international community, but developments in that respect were not encouraging. Long-term capital flows to least developed countries had declined, and almost two-thirds of the LDCs had an unsustainable external debt burden. Declining commodity prices had further weakened LDCs' debt servicing capacity. LDC III could therefore be a good opportunity for the international community to commit itself to revitalizing the LDCs' growth and development.

22. The proper functioning of the multilateral trading system could only be achieved by ensuring the full participation of all countries, particularly the least developed countries. Announcements relating to improved market access for imports from LDCs were welcome, and his country would be introducing additional preferential market access measures for LDCs. It would continue to provide assistance to LDCs within its capabilities.

23. The representative of **Mexico** said that LDC III should launch a new Programme of Action that would give the great majority of countries the tools to enable them to integrate into the world economy. In seeking to achieve sustainable development, the LDCs faced severe internal and external problems, and these could only be overcome through concerted national and international action based on justice and equity. The basic challenge was to forge a strong global partnership based on broad international commitments designed to provide effective support for the LDCs in their domestic efforts to achieve rapid and sustainable growth. Advantage must be taken of the synergies resulting from the follow-up to the major United Nations Conferences of the 1990s, as well from the Millennium Summit, with its call to reduce poverty and provide basic levels of education and health services. The draft Programme of Work provided an excellent basis for the work of the Preparatory Committee.

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INTRODUCTION

Opening Statements (continued)

1. The representative of **Norway**, presenting the results of the symposium on the role of the private sector in enhancing productive capacity in LDCs, organized by UNCTAD and the Government of Norway in Oslo on 29-30 January 2001, said that the symposium had provided an opportunity for LDC Governments, their development partners and representatives of the private sector to discuss the role of the private sector, both domestic and foreign, in LDCs' development. The symposium had explored three areas of vital concern to LDCs: attracting productive investments by improving the business and investment climate to enhance productive capacity in LDCs; strengthening small and medium-size enterprises through effective business development services and by strengthening inter-firm linkages; and financing local enterprises by improving the level of financial services and through innovative forms of finance. The broad conclusion of the symposium was that, if globalization was to deliver its benefits to all, the people in LDCs must be empowered to use their capacities fully. That would involve LDCs reshaping their domestic legal and institutional structures to ensure an enabling environment for FDI and enterprise development, and developed countries reshaping their approach to development assistance and trade to reflect a more balanced partnership and a more equitable sharing of opportunities.

2. The representative of **UNDP** said that the value of the draft Programme of Action lay in its holistic framework. It recognized the need for a common vision and for partnership at the country level. The people-centred paradigm of the Programme was in total consonance with UNDP's sustainable human development approach. The country-driven approach emphasized the need for reform on the part of the LDCs and for greater coordination on the part of development partners. The Programme of Action gave due attention to governance issues, human rights principles and democracy. As the lead agency for the interactive debate on governance, UNDP was preparing 10 deliverables for the Conference.

3. Halving human poverty by 2015 required faster growth, and that involved expanding sources of growth and substantially increasing domestic savings and investment rates. Trade expansion was key, and special focus was needed on agricultural trade liberalization in developed countries. Full market access for all LDCs would be an essential complement to debt relief. The other major challenges facing the LDCs included gaining access to affordable modern energy carriers, overcoming the digital divide, tackling the AIDS epidemic, and coping with climate change and natural disasters.

4. New approaches were needed to solve old problems. Globalization and trade expansion were good for growth provided policies were carefully calibrated and attention was paid to social

impacts. It was hoped that LDC III would allow the global community to build a new compact with those countries in greatest need.

5. The representative of **Brazil** said that her country had been a partner in the development efforts of LDCs to the extent possible. Within the context of South-South cooperation, Brazil was presently involved in cooperation projects in the five Portuguese-speaking countries in Africa – Angola, Cape Verde, Guinea-Bissau, Mozambique and Sao Tome and Principe. The projects involved technical, scientific and technological cooperation, educational cooperation, and cooperation in capacity-building and professional training. That cooperation could be supported and strengthened by the United Nations and the donor community. However, LDC III should recognize that the main responsibility for the advancement of the situation of the LDCs lay with the developed countries because of their capacity to contribute.

6. The representative of **Nigeria** said that it was easy to promise the LDCs heaven, but the fact was that the LDCs did not have the capacity to get there. The Programme of Action for the 1990s had said what was expected of the LDCs but not what was expected of their development partners, and now the draft Programme of Action before the Preparatory Committee was very specific in terms of what was expected from the LDCs but only very general as to what was expected from the development partners. There was therefore the same risk of not achieving the desired results. In the field of debt, the HIPC initiative had been positive, but it had not had the hoped-for impact. In the field of poverty, eradication had been the long-proclaimed goal, but it had not been achieved. It was therefore to be hoped that LDC III would be a Conference of specifics and that something better would emerge than in the past.

7. The representative of **China** said that the draft Programme of Action was a good basis for discussion. In the 1990s, ODA had declined, debt had accumulated, and commodity prices had fallen, so the economic development of the LDCs had not progressed, and the Programme of Action for the 1990s had not proved satisfactory, with many targets being missed. The draft Programme of Action should therefore include an assessment of the last Programme so as to learn from past experience. With regard to the structure of the draft Programme, the main focus should be on the impact of globalization, poverty alleviation and development financing, so the Programme should begin with ODA, debt, trade and investment. The present commitment 1 should be reduced in length and merged with commitment 2. The draft Programme concentrated too much on domestic policy, so there was an imbalance between domestic and international actions. While the LDCs must rely primarily on their own efforts, the main cause of their problems lay in the external environment, so the international community had to assume its obligations in that respect. The draft Programme did not provide a good balance between economic and non-economic factors. Economic growth was a prerequisite for social development, so the Programme of Action should stress economic issues. Concerning governance, the Programme of Action should deal more with global good governance, and good

governance should not be a precondition for development cooperation. China, a developing country, had always assisted the LDCs as far as its means allowed, and it appealed to other countries to do the same, in particular through the cancellation of debt.

8. The representative of **IFAD** supported the proposed draft Programme of Action and commended it to the attention of all development partners of LDCs. The *Rural Poverty Report 2001* was being launched that day by the Secretary-General of the United Nations. The first key message of the Report was that the centrality of rural poverty must first be recognized in any effort to reduce overall poverty. The second key message was the need to realize that most of the rural poor depended on agriculture and related activities for their livelihood. In order to achieve more rapid poverty reduction, it was necessary to reverse the decline in the flow of resources to agriculture and rural development which had occurred in development finance in the past 30 years. Third, the Report reviewed indepth four themes that affected the material conditions of the rural poor, namely assets, technology, market and institutions. It made the case that an improvement in the access of the poor to these four elements was an essential condition for success in the reduction of poverty in general and rural poverty in particular, especially in the LDCs. Finally, IFAD believed that poverty reduction measures must focus on smallholder agriculture as one of the mainstays of rural populations.

9. The representative of **IMF** said that he agreed with the statement made by the World Bank, especially as it referred to debt relief. His organization appreciated the emphasis that the draft Programme of Action placed on such issues as macroeconomic stability, capacity building, private investment flows, especially FDI, and savings. Concerning debt relief, the international community had made a major effort in that connection. For its part, IMF did not advocate debt cancellation or moratoria, but favoured the use of resources freed through debt relief measures for poverty reduction programmes. IMF was providing the LDCs with extensive technical cooperation which was being increasingly targeted at poverty reduction. It was in particular participating actively in the Integrated Framework for Trade-related Technical Assistance. Finally, with regard to the links between LDC III and the upcoming event on financing for development, it would be important to harmonize views on the issues common to both conferences.

10. The **President of the General Assembly** said that the committee's collective work must engender a renewed sense of hope for some seven hundred million people in LDCs. The preparatory process must culminate in concrete actions that would genuinely help free them from the clutch of deep poverty and deprivation. This engagement was a critical part of the common fight to halve the number of people living in extreme poverty by 2015 – a target reaffirmed by Heads of State and Government at the Millennium Assembly. The primary responsibility in meeting this target lay on the shoulders of the LDCs. The resolve of the international community, in particular the industrialized countries, to make stronger efforts in support of

LDCs was, however, essential for success. The Millennium Declaration articulated actions in three critical areas, namely trade, ODA and debt, where external support could make a major difference. It was noteworthy that the policies and actions contained in the Programme of Action were based on the universal values enshrined in the Millenium Declaration, namely: solidarity, shared responsibility, freedom, democracy, equality, common concern for world peace and security, and the wellbeing of succeeding generations. The hosting of the Conference by the European Union signaled the willingness of the development partners to remain collectively engaged in the fight against poverty in least developed countries. He urged all stakeholders to go beyond rigid positions and to transcend the status quo. Finally, effective mechanisms for implementation and follow-up of the Programme of Action at all levels and especially the involvement of the United Nations system would be very important.

11. The representative of **UNIDO** said that LDC III was of critical importance, since reducing poverty and making globalization work for the poor were the greatest challenges of today. Globalization could create the conditions for sustainable growth, but the costs and benefits of globalization were distributed unevenly. One of the reasons for the economic stagnation and marginalization of LDCs was neglect of industry as a driving force for development, and the focus on productive capacity in the draft Programme of Action was therefore welcome. At the same time, that focus needed to be sharpened, since globalization was too narrowly defined and ignored the globalization of production. The Programme of Action would provide a multisectoral framework for development, and its success would hinge on its interface with national plans of action.

12. The representative of the **Republic of Korea** said that sustainable development of LDCs remained a top priority in the pursuit of global long-term growth, but so far the international community's various efforts to assist LDCs had not lead to the desired results. The principles of shared responsibility and strengthened partnership were therefore still valid in tackling the challenges faced by LDCs today. LDCs had many difficulties in mobilizing domestic resources, and an inflow of external resources, such as ODA and FDI, was essential. High priority should be given to human resources development and infrastructure building in the development strategy for LDCs, and the international community should provide financial support for long-term investments. The necessary measures must also be taken to close the digital divide between developing countries and developed countries. ODA was key to infrastructure and human resources development, and his country was making continuous efforts to increase the volume of ODA extended to LDCs, particularly in the field of human resources development. Finally, it was hoped that LDC III would provide effective strategies and guiding principles for tackling the challenges faced by LDCs in the first decade of the new millennium.

13. The representative of **WTO** stressed that his organization shared the objectives and principles of the draft Programme of Action. Meeting the internationally agreed goal of halving

poverty by 2015 would require that a new round of multilateral trade negotiations be launched as soon as possible to ensure that the trading system remained open, that protectionism was kept at bay, and that all countries could address systemic imbalances, real or perceived. The new round should be based on a development agenda that addressed the concerns of all Members. It was also necessary to establish a consensus that would improve the circumstances of LDCs. In this connection, the WTO considered that the Programme of Action should be a vital strategic instrument for development, with priority areas of action in the field of trade an integral part. WTO could provide concrete deliverables at LDC III in five areas: (i) ensuring that there would be "trade integration chapters" within PRSPs; (ii) significant improvements in market access opportunities for LDCs; (iii) a status report on LDCs' accession; (iv) the new Integrated Framework, which would improve the delivery of trade-related technical assistance to LDCs; and (v) institutional integration of LDCs into the multilateral trading system.

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INTRODUCTION

Opening Statements (continued)

1. The representative of the **World Bank** said that the draft Programme of Action provided a solid basis on which to move forward. With regard to the report prepared by High Level Panel, the Bank agreed with the Panel's diagnosis but found that the conclusions were unnecessarily pessimistic. With the introduction of the country-driven PRSP process, the poorest countries could take greater ownership of their policy agenda. Despite the fall in aggregate aid flows, the opportunity to attract increased aid through the adoption of sound policies was today significant. The growing number of initiatives to grant duty-free and quota-free access to products originating in LDCs was encouraging, and the LDCs' tiny share of world trade implied that the real cost to high-income countries and to other developing countries would be negligeable. The strong interest shown recently by several development partners in making the Integrated Framework for Trade-related Technical Assistance a funded mandate was also encouraged. The LDCs themselves must take aggressive steps to integrate into the world economy, and a beginning for this could be the inclusion of trade chapters into the PRSPs. A moratorium on debt or unconditional debt cancellation might well turn out not to be in the best long-term interest of the indebted countries. It was essential that debt relief be integrated into external assistance programmes revolving around a poverty reduction and growth strategy.

2. The representative of **Mauritania** said that the Programme of Action for the LDCs for 2001-2010 should be based on an objective global diagnosis of the current situation in the LDCs and should draw lessons from past experience. The 1990s had seen the further marginalization of the LDCs, which had not been able to benefit from globalization, despite the structural reforms they had undertaken. At the same time, ODA had fallen steadily. The Conference should result in realistic commitments and an effective implementation mechanism, and the draft Programme of Action presented was a good basis for discussion. However, the structure of the commitments should be reviewed in order to take better into account the major goals of the LDCs. The commitments should be more balanced in terms of the actions to be taken by LDCs on the one hand and the actions to be taken by their development partners on the other.

3. The representative of **Algeria** said that, despite the structural economic reforms initiated by many LDCs and the support measures provided by some development partners, the economic situation in the LDCs had not improved during the 1990s. There was therefore a need to draw the lessons from the previous decade to elaborate new strategies with new priorities. His delegation strongly supported a new Programme of Action based on a dynamic partnership able to promote growth and sustainable development, eradicate poverty, combat inequality and integrate the LDCs into the world economy. The new Programme of Action should mobilize more resources for development through increased domestic saving and

international financial support. The international community should also cancel the LDCs' external debt.

4. The representative of **ILO** said his organization fully supported LDC III. It shared the belief that the Conference should abstain from simply compiling a long wish-list and should work towards more concrete action. The draft Programme of Action in its present form did not sufficiently address the role of employment and job creation in poverty reduction and eradication. According to ILO data, some 500 million people would be joining the job market during the decade covered by the Programme, and 80 per cent of these job seekers would come from developing countries, including the LDCs. Moreover, one-third of the labour force in the LDCs still lived on less than $1 a day. The role of employment and job-creation in these circumstances could not be over-emphasized. ILO would present a number of deliverables at the Conference, and in that connection it considered that the theme of the event on "Human Resource Development" should be expanded in scope to deal with "Decent Work for Poverty Reduction", which combined the issues of job creation, skill endowment and social protection.

5. The representative of **Norway** emphasized that translating into action the emerging consensus on the enhanced role of the private sector in the development process would be an important task for the Conference. Each country had the prime responsibility for its own development, and must create conditions of peace, stability, democracy, human rights and sound macroeconomic management. The commitments in the Programme of Action should be short, focused and result-oriented, with indicators and timeframes. Norway supported the emphasis on social development, particularly in the area of health, and in that connection HIV/AIDS must now be addressed as a basic development issue in the LDCs. Greater efforts were needed in the areas of debt relief, the multilateral trading regime, trade-related technical assistance and ODA. Finally, in the preparatory process for the Conference, issues should be addressed informally first, possibly at a workshop prior to the Preparatory Committee's third session.

6. The representative of **UNFPA** said that LDC III represented an important means of generating action aimed at attaining the goals set at the Millennium Summit and other United Nations Conferences and summits. UNFPA was fully committed to the process. In its work on population and reproductive health, it placed a great deal of emphasis on LDCs and gender equality. In order to improve in-country absorptive capacity in LDCs, UNFPA would strengthen its field presence to speed up capacity-building and the transfer of technical skills and know-how. The overall strategy of UNFPA was guided by the outcome of the International Conference on Population and Development and its review process. The draft POA already included commitments and actions that addressed population and reproductive health, as well as the need to empower women in the LDCs. UNFPA would contribute suggestions with a view to strengthening those aspects.

7. The representative of **ESCAP** said that the countries of the Asian and Pacific region had recently held a high-level meeting the recommendations of which would be transmitted to the Preparatory Committee. The draft Programme of Action was focused and comprehensive, it identified key issues and it set goals and targets. However, it was not clear what resources would be required to meet the targets, and the modalities for ensuring ownership were not clear either. Finally, the Programme of Action should have the appropriate status, and it should be ratified at the country level.

8. The representative of the **Maldives** said his country attached the greatest importance to the draft Programme of Action, and it had now completed its own draft national programme of action. The Maldives attached particular importance to trade in commodities, regional trading arrangements, alleviation of vulnerability to natural shocks, the protection of the environment and domestic resource mobilization. All these areas needed more detailed consideration and emphasis. Environmental protection was the most crucial issue for the Maldives. If LDC III was to produce tangible benefits FOR the LDCs, it must put in place a Programme of Action that addressed their many development problems. The Programme must draw from the experience of the past and include practical measures with clear objectives and measurable targets. A spirit of true partnership between the LDCs and the developed countries was a necessary precondition for success.

9. The representative of **UPU** said that postal services were often forgotten about, but they were in fact an essential part of a country's infrastructure. Even now, with the rapid development of electronic communications, the importance of postal services had not diminished, and such services were often the only network in rural areas. In LDCs, postal services were seriously underdeveloped, and the issue should be dealt with in the Programme of Action under commitments 3 and 4. His organization's aid to LDCs was growing constantly, and LDCs were in fact the organization's priority.

10. The representative of **ITC** said that his organization had several decades of experience in designing programmes aimed at harnessing the power of exports to reduce poverty, especially among micro-groups of producers in rural areas. It stood ready to extend its experience to the LDCs through appropriate mechanisms within the framework of the Programme of Action for LDCs. ITC was particularly committed to delivering concrete results for the LDCs under the Integrated Framework for Trade-related Technical Assistance and through the Business Sector Round Table to be organized as part of LDC III. The deliberations of the round table would provide useful inputs for the thematic discussion on trade. In his view, the Programme of Action could be strengthened by addressing directly issues dealing with the opening up of new markets in a competitive environment through greater involvement of the private sector and through a holistic approach to trade development.

11. The representative of the **Food and Agriculture Organization** said his organization was strongly committed to the Third UN Conference on the LDCs and would advance its

objectives in cooperation with all other stakeholders. The draft Programme of Action constituted an excellent framework for action, but FAO had lingering concerns about the coverage of the role of agriculture, the mainstay of some 70 per cent of the rural poor who were the subject of the draft Programme. In this regard, FAO felt that the issues of capacity building in agro-based industries, increased investment and external assistance in the agricultural sector, and striking a better balance between rural development and food security deserved more concise reflection in the text. Debt relief, through the HIPC initiative, could also be focused on strengthening domestic agriculture and food production.

12. The representative of the **Pacific Concerns Resource Centre Inc.**, speaking on behalf of **NGOs**, expressed appreciation for the Programme of Action as a process. On debt, there should be an immediate moratorium on debt service payments by LDCs, and all LDC debt should then be cancelled. Flows of ODA to LDCs should be strengthened, and agreed criteria for the quality and effectiveness of aid should be established. Concerning trade, poor countries should receive concrete special and differential treatment, and all LDC products should have tariff-free and duty-free access to developed countries' markets.

13. In preparations for the Conference, civil society representatives had been marginalized, and they needed UN and donor support. A second round of accreditation should be provided for. On the substance of the Programme of Action, human rights were a foundation of development policy, and they should be appropriately incorporated into country contributions. Peace and good governance were intimately linked to development and poverty eradication, and Governments were responsible for addressing the inequities that led to conflict. In that connection, there should be a total ban on the import of small arms and light weapons into regions suffering from violent conflicts. With regard to infrastructure, emphasis should be place on infrastructure that directly improved the quality of life of the poor, especially in rural areas. On the broader issue of globalization, technical measures to make globalization development-friendly were not enough; basic questions of global economic justice had to be addressed. Finally, Governments in LDCs and in the North must be accountable for ensuring effective action in favour of LDCs.

ORGANIZATIONAL MATTERS

A. Opening of the session

14. The second session of the Intergovernmental Preparatory Committee was opened at United Nations Headquarters in New York on 5 February 2001 by the Chairman of the Committee.

B. Adoption of the agenda and organization of work

(Agenda item 1)

15. At its 1st plenary meeting, on 5 February 2001, the Preparatory Committee adopted its draft provisional agenda (A/CONF.191/IPC/17 and Add.1). The agenda was thus as follows:

1. Adoption of the agenda and organization or work
2. Progress report by the Chairman of the Intergovernmental Preparatory Committee
3. Substantive preparations for the Conference
   (a) Report on national country preparations
   (b) First formal reading of the draft Programme of Action (A/CONF.191/IPC/L.4)
4. Other matters relating to preparations for the Conference
5. Other business
6. Adoption of the report of the Intergovernmental Preparatory Committee on its second session

C. Election of officers

16. At its 1st plenary meeting, on 5 February 2001, the Preparatory Committee elected Mr. Sorin Dumitru Ducaru (Romania) as Vice-Chairman of the Committee, thus completing its bureau.

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INTERGOVERNMENTAL PREPARATORY COMMITTEE
FOR THE THIRD UNITED NATIONS CONFERENCE
ON THE LEAST DEVELOPED COUNTRIES
Second session
New York, 5 – 9 February 2001

DRAFT DECISION
Submitted by the Bureau

The Intergovernmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries, at its second session:

1. *Confirms* rules 64 and 65 of the provisional rules of procedure of the Conference[1] as to the form of involvement of civil society actors in the Conference;

2. *Decides* to extend to 31 March 2001 the deadline for the accreditation of interested civil society actors, as referred to in paragraph 8 of General Assembly resolution 55/214, and *requests* the Secretary-General of the Conference to submit the list of interested civil society actors that have met the extended deadline for decision by the Committee at its third session.

[1] A/CONF.191/IPC/L.2 of 26 May 2000